

Message Text

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SUBJ: SHORTAGE OF COAL DISRUPTS STEEL PRODUCTION

REF: CERP SECTION D

THIS COAL SHORTAGE AFFECTING INDUSTRY IN EASTERN INDIA HAS HIT STEEL PRODUCTION PARTICULARLY HARD IN RECENT WEEKS. PRODUCTION OF ALL MAJOR STEEL PLANTS -- TATA IRON AND STEEL (TISCO, BIHAR), INDIAN IRON AND STEEL (IISCO, WEST BENGAL), DURGAPUR (WEST BENGAL), ROURKELA (ORISSA), AND BHILAI (MADHYA PRADESH) DROPPED SERIOUSLY. IN A PRESS RELEASE DATED IN BOMBAY, TISCO ANNOUNCED THE CLOSURE SINCE FEB 4, 1974 OF MOST OF THE PRODUCTION UNITS AT THE JAMSHEDPUR STEEL PLANT RESULTING IN A PRODUCTION LOSS OF ABOUT 3,400 METRIC TONS OF FINISHED STEEL PER DAY REPRESENTING ABOUT 80 PERCENT OF THE PLANT'S CAPACITY. THIS IS THE FIRST OCCASION IN TISCO'S 67 YEARS' HISTORY TO CURTAIL ITS OPERATION VERY SEVERELY. THERE WERE SIMILAR COMPLAINTS AT BHILAI, DURGAPUR, IISCO AND ROURKELA. BHILAI AND ROURKELA ARE INCURRING A DAILY PRODUCTION LOSS

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OF ABOUT 3,000 TONS OF FINISHED STEEL. THE LIMITED COAL

SHIPPED TO THE PLANTS IS BEING USED JUST TO MAINTAIN THE MINIMUM TEMPERATURE NEEDED FOR THE COKE OVEN PLANTS. THE MAIN PROBLEM AT DURGAPUR AND IISCO IS SHORTAGE OF LIMESTONE, FURNACE OIL AND IRON ORE. AS A PRECAUTIONARY MEASURE, ONE OF THE THREE BLAST FURNACES AT DURGAPUR HAS BEEN SHUT DOWN AND PRODUCTION IN THE MILL SECTION HAS ALSO BEEN STOPPED.

BECAUSE OF SHORTAGE OF WAGONS, IRON AND STEEL MATERIALS OF ABOUT 204,300 TONS HAVE PILED UP AT HINDUSTAN STEEL'S THREE PLANTS AT BHILAI, ROURKELA AND DURGAPUR.

COMMENT: THE SUPPLIES OF RAW MATERIALS TO THE STEEL PLANTS HAVE BEEN DISRUPTED BECAUSE OF THE AGITATION BY THE CARRIAGE AND WAGON STAFF IN CERTAIN DIVISIONS OF THE STATE-OWNED SOUTH EASTERN RAILWAY. IT IS REPORTED THAT THE AGITATION BY THE STAFF WAS CALLED OFF ON FEB 7 AND THE RAILWAYS HOPE TO BUILD UP FIVE DAYS STOCK OF COAL IN FIVE STEEL PLANTS IN ABOUT 15 DAYS. ACCORDING TO AN OFFICIAL OF THE RAILWAY SUTHORITIES, FURTHER BUILD UP OF STOCKS IS POSSIBLE ONLY IF PRODUCTION OF COAL IS INCREASED ABOVE THE PRESENT LEVEL. ALSO, THE COAL POSITION HAS BECOME ACUTE PARTICULARLY AFTER THE COMMISSIONING OF THE SOVIET AIDED BOKARO STEEL PLANT. IT IS REPORTED THAT THE BOKARO STEEL PLANT STARTED SHARING THE AVAILABLE PRODUCTION, THERE WAS AN IMMEDIATE FALL IN COAL STOCKS OF ALL THE STEEL PLANTS.

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